

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 7310
OFFERED BY MRS. MCBATH OF GEORGIA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) SHORT TITLE.—This Act may be cited as the
3 “Protecting America’s Retirement Security Act of 2022”.

4 (b) TABLE OF CONTENTS.—The table of contents for
5 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Defined contribution plan fee disclosure improvements.
- Sec. 3. Personal finance education portal.
- Sec. 4. Increasing spousal protection under defined contribution plans.
- Sec. 5. Automatic reenrollment.
- Sec. 6. Employee Ownership and Participation Initiative.
- Sec. 7. Refund to Rainy Day Savings Program.

**6 SEC. 2. DEFINED CONTRIBUTION PLAN FEE DISCLOSURE
7 IMPROVEMENTS.**

8 Not later than 2 years after the date of enactment
9 of this Act, the Secretary of Labor shall review section
10 2550.404a-5 of title 29, Code of Federal Regulations, and
11 explore how the content and design of the covered disclo-
12 sures may be improved to enhance participants’ under-
13 standing of fees and expenses as well as the cumulative
14 effect of fees and expenses on retirement savings over

1 time. As part of such review, the Secretary shall conduct
2 outreach to stakeholders, including those representing
3 plan sponsors and retirement plan participants.

4 **SEC. 3. PERSONAL FINANCE EDUCATION PORTAL.**

5 (a) IN GENERAL.—Not later than 3 years after the
6 date of enactment of this Act, the Secretary of Education,
7 in consultation with the Director of the Bureau of Con-
8 sumer Financial Protection, the Secretary of the Treasury
9 as chair of the Financial Literacy and Education Commis-
10 sion, and the Commissioner of Internal Revenue, shall cre-
11 ate a personal finance education portal on a centralized
12 and publicly available website of the Department of Edu-
13 cation pertaining to Federal financial aid for voluntary use
14 by recipients of aid awarded under title IV of the Higher
15 Education Act of 1965.

16 (b) CONTENT OF PERSONAL FINANCE EDUCATION
17 PORTAL.—The personal finance education portal created
18 under subsection (a) shall include information on personal
19 finance concepts, including the following:

20 (1) Core personal finance concepts, such as
21 earning, saving, investing, spending, and borrowing,
22 including—

23 (A) the concept of compound growth as it
24 applies to savings and retirement savings, with

1 information about the different types of retire-
2 ment savings accounts; and

3 (B) budgeting and credit usage.

4 (2) Managing student loan repayment, includ-
5 ing—

6 (A) the interaction between savings and re-
7 tirement decisions and Federal student loan re-
8 payment plans;

9 (B) Federal student loan discharge or for-
10 giveness options;

11 (C) the types of voluntary benefits employ-
12 ers may use to help workers while they are pay-
13 ing down student loan debt;

14 (D) tax credits or deductions that are rel-
15 evant to student loan borrowers in repayment;
16 and

17 (E) any other Federal policies that signifi-
18 cantly impact student loan borrowers in repay-
19 ment, as determined by the Secretary.

20 (3) Any other personal finance concepts deter-
21 mined relevant by the Secretary of Education, in
22 consultation with the Director of the Bureau of Con-
23 sumer Financial Protection, the Secretary of the
24 Treasury as chair of the Financial Literacy and

1 Education Commission, and the Commissioner of In-
2 ternal Revenue.

3 (c) PROVISION OF CONTENT.—The personal finance
4 content included under subsection (b) may be provided in
5 an interactive format through text or video.

6 (d) ANALYTICS.—The Secretary of Education, in con-
7 sultation with the Director of the Bureau of Consumer
8 Financial Protection, the Secretary of the Treasury as
9 chair of the Financial Literacy and Education Commis-
10 sion, and the Commissioner of Internal Revenue, shall re-
11 view not less than once every three years the utilization
12 of the portal, make recommendations to improve the por-
13 tal, and make such findings and recommendations publicly
14 available.

15 (e) AUTHORIZATION OF APPROPRIATIONS.—There
16 are authorized to be appropriated such sums as may be
17 necessary to carry out this section.

18 **SEC. 4. INCREASING SPOUSAL PROTECTION UNDER DE-**

19 **FINED CONTRIBUTION PLANS.**

20 (a) AMENDMENTS TO EMPLOYEE RETIREMENT IN-
21 COME SECURITY ACT OF 1974.—

22 (1) IN GENERAL.—Part 2 of subtitle B of title
23 I of the Employee Retirement Income Security Act
24 of 1974 (29 U.S.C. 1051 et seq.) is amended by in-
25 sserting after section 205 the following new section:

1 **“SEC. 205A. ADDITIONAL SPOUSAL CONSENT REQUIRE-**
2 **MENTS.**

3 “(a) IN GENERAL.—Each individual account plan to
4 which section 205 does not apply (but to which this title
5 otherwise applies) shall provide that, except as provided
6 in subsections (c) and (d), no distribution may be made
7 under the plan unless the spousal consent requirements
8 of subsection (e) are met.

9 “(b) COORDINATION WITH SECTION 205.—Nothing
10 in this section shall be construed to exempt an individual
11 account plan from the requirements of paragraph (1)(B),
12 (1)(C), or (2) of section 205(b) with respect to any partici-
13 pant.

14 “(c) EXCEPTIONS FOR CERTAIN DISTRIBUTIONS.—
15 Subsection (a) shall not apply to—

16 “(1) any distribution that is—

17 “(A) a minimum required distribution de-
18 scribed in section 4974(b) of the Internal Rev-
19 enue Code of 1986; or

20 “(B) permitted under section 203(e)(1) to
21 be made without the consent of the participant;

22 “(2) any distribution in the form of a qualified
23 joint and survivor annuity (as defined in section
24 205(d)(1)), a qualified optional survivor annuity (as
25 defined in section 205(d)(2)), a qualified preretire-
26 ment survivor annuity (as defined in section 205(e)),

1 or a series of substantially equal periodic payments
2 (not less frequently than annually) made for the
3 joint lives (or life expectancies) of the participant
4 and the participant's spouse; or

5 “(3) in the case of a participant who does not
6 elect a form of benefit described in paragraph (2)
7 under the plan or who is participating in a plan that
8 does not provide such a form of benefit, any dis-
9 tribution of the participant's entire nonforfeitable
10 accrued benefit if 50 percent of such accrued benefit
11 is transferred to an individual retirement plan (as
12 defined in section 7701(a)(37) of the Internal Rev-
13 enue Code of 1986) of the spouse of the participant.
14 A transfer described in paragraph (3) to an individual re-
15 tirement plan shall be treated in the same manner as a
16 transfer under section 408(d)(6) of the Internal Revenue
17 Code of 1986.

18 “(d) EXCEPTIONS FOR CERTAIN ROLLOVER CON-
19 TRIBUTIONS.—

20 “(1) IN GENERAL.—Subsection (a) shall not
21 apply to any distribution that is an eligible rollover
22 distribution (as defined in section 402(f)(2)(A) of
23 the Internal Revenue Code of 1986) made in the
24 form of a direct trustee-to-trustee transfer within

1 the meaning of section 401(a)(31) of the Internal
2 Revenue Code of 1986—

3 “(A) to a plan to which this section or sec-
4 tion 205 applies; or

5 “(B) to an individual retirement plan (as
6 defined in section 7701(a)(37) of the Internal
7 Revenue Code of 1986) if—

8 “(i) the sole beneficiary of such plan
9 is the spouse of the participant, or the
10 spousal consent requirements of subsection
11 (e) are met with respect to any designation
12 of 1 or more other beneficiaries; and

13 “(ii) under the terms of the individual
14 retirement plan, the beneficiary of such
15 plan (whether the spouse or other bene-
16 ficiary designated under subparagraph
17 (A)) may not be changed unless—

18 “(I) the spousal consent require-
19 ments of subsection (e) are met with
20 respect to any such change; or

21 “(II) the spousal consent under
22 clause (i) to the designation of a bene-
23 ficiary other than the spouse expressly
24 permits such designation to be

1 changed without the further consent
2 of the spouse.

3 “(2) REGULATORY AUTHORITY.—The Secretary
4 of the Treasury and the Secretary of Labor may
5 jointly issue regulations to implement subparagraphs
6 (A) and (B) of paragraph (1).

7 “(e) SPOUSAL CONSENT REQUIREMENTS.—

8 “(1) IN GENERAL.—For purposes of this sec-
9 tion, except as provided in paragraph (2), the spous-
10 al consent requirements of this subsection are met
11 with respect to any distribution or any designation
12 or change of beneficiary if—

13 “(A) the plan provides to each participant,
14 within a reasonable period of time before such
15 distribution or designation or change of bene-
16 ficiary is made and consistent with such regula-
17 tions as the Secretary of the Treasury may pre-
18 scribe, a written explanation of the rights of the
19 participant and the participant’s spouse under
20 this section;

21 “(B) the spouse of the participant consents
22 in writing to the distribution or designation or
23 change of beneficiary;

1 “(C) in the case of a distribution, the writ-
2 ten consent under subparagraph (B) is made
3 during the consent period; and

4 “(D) the written consent under subpara-
5 graph (B)—

6 “(i) acknowledges the effect of such
7 distribution or designation or change of
8 beneficiary; and

9 “(ii) is witnessed by a plan represent-
10 ative or a notary public.

11 “(2) EXCEPTIONS.—The requirements of para-
12 graph (1) (other than subparagraph (A) thereof)
13 shall not apply with respect to any distribution or
14 designation or change of beneficiary if a participant
15 establishes to the satisfaction of the administrator
16 that—

17 “(A) there is no spouse;

18 “(B) the participant and the participant’s
19 spouse have not been married for at least 1
20 year as of the date of the distribution or des-
21 ignation or change of beneficiary; or

22 “(C) such consent cannot be obtained be-
23 cause—

24 “(i) the spouse cannot be located after
25 taking documented search efforts in ac-

1 cordance with guidance from the Secretary
2 of Labor;

3 “(ii) due to exceptional circumstances,
4 requiring the participant to seek the
5 spouse’s consent would be inappropriate;
6 or

7 “(iii) of such other circumstances as
8 the Secretary of the Treasury, in consulta-
9 tion with the Secretary of Labor, may by
10 regulations prescribe.

11 The Secretary of Labor may issue regulations to im-
12 plement this paragraph.

13 “(3) CONSENT LIMITED TO SPOUSE AND
14 EVENT.—Any written consent by a spouse under
15 paragraph (1), or the establishment by a participant
16 that an exception under paragraph (2) applies with
17 respect to a spouse, shall be effective only with re-
18 spect to that spouse and to the distribution or des-
19 ignation or change of beneficiary to which it relates.

20 “(4) CONSENT PERIOD.—For purposes of this
21 subsection, the term ‘consent period’ means, with re-
22 spect to any distribution—

23 “(A) the 90-day period immediately pre-
24 ceding the date of such distribution; or

1 “(B) such other period as the Secretary of
2 the Treasury may provide.

3 “(f) DISCHARGE OF PLAN FROM LIABILITY.—Rules
4 similar to the rules of section 205(c)(6) shall apply for
5 purposes of this section.”.

6 (2) CLERICAL AMENDMENT.—The table of sec-
7 tions of part 2 of subtitle B of title I of the Em-
8 ployee Retirement Income Security Act of 1974 is
9 amended by inserting after the item relating to sec-
10 tion 205 the following new item:

“Sec. 205A. Additional spousal consent requirements.”.

11 (3) PARALLEL AMENDMENT TO SECTION 205.—
12 Section 205(c)(2)(B) of the Employee Retirement
13 Income Security Act of 1974 (29 U.S.C.
14 1055(c)(2)(B)) is amended by inserting “, because
15 due to exceptional circumstances, requiring the par-
16 ticipant to seek the spouse’s consent would be inap-
17 propriate” after “located”.

18 (b) CONFORMING AMENDMENT TO INTERNAL REV-
19 ENUE CODE OF 1986.—Section 401(a) of the Internal
20 Revenue Code of 1986 is amended by inserting after para-
21 graph (17) the following new paragraph:

22 “(18) ADDITIONAL SPOUSAL CONSENT RE-
23 QUIREMENTS.—

24 “(A) IN GENERAL.—To the extent para-
25 graph (11) does not apply to a defined con-

1 tribution plan to which title I of the Employee
2 Retirement Income Security Act of 1974 ap-
3 plies, except as provided in subparagraphs (C)
4 and (D), a trust forming part of such plan shall
5 not constitute a qualified trust under this sec-
6 tion unless no distribution may be made under
7 the plan unless the spousal consent require-
8 ments of subparagraph (E) are met.

9 “(B) COORDINATION WITH PARAGRAPH
10 (11).—Nothing in this paragraph shall be con-
11 strued to exempt a defined contribution plan
12 from the requirements of subparagraph (B)(ii),
13 (B)(iii), or (C) of paragraph (11) with respect
14 to any participant.

15 “(C) EXCEPTIONS FOR CERTAIN DISTRIBU-
16 TIONS.—Subparagraph (A) shall not apply to—

17 “(i) any distribution that is—

18 “(I) a minimum required dis-
19 tribution described in section 4974(b),
20 or

21 “(II) permitted under section
22 411(a)(11) to be made without the
23 consent of the participant,

24 “(ii) any distribution in the form of a
25 qualified joint and survivor annuity (as de-

1 fined in section 417(b)), a qualified op-
2 tional survivor annuity (as defined in sec-
3 tion 417(g)), a qualified preretirement sur-
4 vivor annuity (as defined in section
5 417(e)), or a series of substantially equal
6 periodic payments (not less frequently than
7 annually) made for the joint lives (or life
8 expectancies) of the participant and the
9 participant's spouse, or

10 “(iii) in the case of a participant who
11 does not elect a form of benefit described
12 in clause (ii) under the plan or who is par-
13 ticipating in a plan that does not provide
14 such a form of benefit, any distribution of
15 the participant's entire nonforfeitable ac-
16 crued benefit if 50 percent of such accrued
17 benefit is directly transferred to an indi-
18 vidual retirement plan of the spouse of the
19 participant.

20 A transfer described in clause (iii) to an indi-
21 vidual retirement plan shall be treated in the
22 same manner as a transfer under section
23 408(d)(6) and shall be deemed not to violate
24 paragraph (2) or (13).

1 “(D) EXCEPTIONS FOR CERTAIN ROLL-
2 OVER CONTRIBUTIONS.—

3 “(i) IN GENERAL.—Subparagraph (A)
4 shall not apply to any distribution, involv-
5 ing a participant who has a spouse, that is
6 an eligible rollover distribution (as defined
7 in section 402(f)(2)(A)) made in the form
8 of a direct trustee-to-trustee transfer with-
9 in the meaning of paragraph (31)—

10 “(I) to a plan to which this para-
11 graph or paragraph (11) applies; or

12 “(II) to an individual retirement
13 plan if—

14 “(aa) the sole beneficiary of
15 such plan is the spouse of the
16 participant, or the spousal con-
17 sent requirements of subpara-
18 graph (E) are met with respect
19 to any designation of 1 or more
20 other beneficiaries; and

21 “(bb) under the terms of the
22 individual retirement plan, the
23 beneficiary of such plan (whether
24 the spouse or other beneficiary

1 designated under clause (i)) may
2 not be changed unless—

3 “(AA) the spousal con-
4 sent requirements of sub-
5 paragraph (E) are met with
6 respect to any such change,
7 or

8 “(BB) the spousal con-
9 sent under subclause (I) to
10 the designation of a bene-
11 ficiary other than the spouse
12 expressly permits such des-
13 ignation to be changed with-
14 out the further consent of
15 the spouse.

16 “(ii) REGULATORY AUTHORITY.—The
17 Secretary of the Treasury, in consultation
18 with the Secretary of Labor, may issue
19 regulations to implement subparagraphs
20 subclauses (I) and (II) or clause (i).

21 “(E) SPOUSAL CONSENT REQUIRE-
22 MENTS.—

23 “(i) IN GENERAL.—For purposes of
24 this paragraph, except as provided in
25 clause (ii), the spousal consent require-

1 ments of this subparagraph are met with
2 respect to any distribution or any designa-
3 tion or change of beneficiary if—

4 “(I) the plan provides to each
5 participant, within a reasonable period
6 of time before such distribution or
7 designation or change of beneficiary is
8 made and consistent with such regula-
9 tions as the Secretary may prescribe,
10 a written explanation of the rights of
11 the participant and the participant’s
12 spouse under this paragraph,

13 “(II) the spouse of the partici-
14 pant consents in writing to the dis-
15 tribution or designation or change of
16 beneficiary,

17 “(III) in the case of a distribu-
18 tion, the written consent under sub-
19 clause (II) is made during the consent
20 period, and

21 “(IV) the written consent under
22 subclause (ii)—

23 “(aa) acknowledges the ef-
24 fect of such distribution or des-

1 ignation or change of beneficiary,
2 and

3 “(bb) is witnessed by a plan
4 representative or a notary public.

5 “(ii) EXCEPTIONS UNDER SECTION
6 417(A)(2)(B) TO APPLY.—The requirements
7 of clause (i) (other than subclause (I)
8 thereof) shall not apply with respect to any
9 distribution or designation or change of
10 beneficiary if a participant establishes to
11 the satisfaction of the administrator that—

12 “(I) there is no spouse,

13 “(II) the participant and the par-
14 ticipant’s spouse have not been mar-
15 ried for at least 1 year as of the date
16 of the distribution or designation or
17 change of beneficiary, or

18 “(III) such consent cannot be ob-
19 tained because—

20 “(aa) the spouse cannot be
21 located after taking documented
22 search efforts in accordance with
23 guidance from the Secretary of
24 Labor;

1 “(bb) due to exceptional cir-
2 cumstances, requiring the partici-
3 pant to seek the spouse’s consent
4 would be inappropriate; or

5 “(cc) of such other cir-
6 cumstances as the Secretary, in
7 consultation with the Secretary
8 of Labor, may by regulations pre-
9 scribe.

10 The Secretary, in consultation with the
11 Secretary of Labor, may issue regulations
12 to implement this clause.

13 “(iii) CONSENT LIMITED TO SPOUSE
14 AND EVENT.—Any written consent by a
15 spouse under clause (i), or the establish-
16 ment by a participant that an exception
17 under clause (ii) applies with respect to a
18 spouse, shall be effective only with respect
19 to that spouse and to the distribution or
20 designation or change of beneficiary to
21 which it relates.

22 “(iv) CONSENT PERIOD.—For pur-
23 poses of this subparagraph, the term ‘con-
24 sent period’ means, with respect to any
25 distribution—

1 “(I) the 90-day period imme-
2 diately preceding the date of such dis-
3 tribution, or

4 “(II) such other period as the
5 Secretary may provide.”.

6 **SEC. 5. AUTOMATIC REENROLLMENT.**

7 (a) **ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGE-**
8 **MENTS.—**

9 (1) **AMENDMENT TO THE EMPLOYEE RETIRE-**
10 **MENT INCOME SECURITY ACT OF 1974.—**Section
11 514(e)(2) of the Employee Retirement Income Secu-
12 rity Act of 1974 (29 U.S.C. 1144(e)(2)) is amend-
13 ed—

14 (A) by redesignating subparagraphs (A)
15 through (C) as clauses (i) through (iii), respec-
16 tively, and moving the margins of such clauses
17 2 ems to the right,

18 (B) by striking “(2) For purposes of” and
19 inserting “(2)(A) For purposes of”, and

20 (C) by adding at the end the following:

21 “(B) In the case of an automatic contribu-
22 tion arrangement taking effect after December
23 31, 2024, the requirements of subparagraph
24 (A)(ii) shall be treated as met only if, under the

1 arrangement, at least every 3 years each em-
2 ployee—

3 “(i) who is eligible to participate in
4 the arrangement, and

5 “(ii) who, at the time of the deter-
6 mination, has in effect an affirmative elec-
7 tion pursuant to subparagraph (A)(ii) not
8 to have contributions described in such
9 subparagraph made,

10 is treated as having made the election at the
11 uniform percentage of compensation described
12 in subparagraph (A)(ii) unless the employee
13 makes a new election under such subparagraph.
14 Such determination may be made at one time
15 for all employees described in the preceding
16 sentence for a plan year, regardless of indi-
17 vidual employee dates of enrollment.”.

18 (2) AMENDMENT TO THE INTERNAL REVENUE
19 CODE OF 1986.—Section 414(w)(3) of the Internal
20 Revenue Code of 1986 is amended—

21 (A) by redesignating subparagraphs (A)
22 through (C) as clauses (i) through (iii), respec-
23 tively, and moving the margins of such clauses
24 2 ems to the right;

1 (B) by striking “ For purposes of” and in-
2 serting the following:

3 “(A) IN GENERAL.—For purposes of”

4 (C) by adding at the end the following new
5 subparagraph:

6 “(B) PERIODIC AUTOMATIC DEFERRAL RE-
7 QUIRED.—In the case of an eligible automatic
8 contribution arrangement taking effect after
9 December 31, 2024, the requirements of this
10 subsection shall be treated as met only if, under
11 the arrangement, at least every 3 plan years
12 each employee—

13 “(i) who is eligible to participate in
14 the arrangement, and

15 “(ii) who, at the time of the deter-
16 mination, has in effect an affirmative elec-
17 tion under subparagraph (A)(ii) not to
18 have such contributions described in such
19 subparagraph made,

20 is treated as having made the election at the
21 uniform percentage level described in subpara-
22 graph (A)(ii) unless the employee makes a new
23 election under such subparagraph. Such deter-
24 mination may be made at one time for all em-
25 ployees described in the preceding sentence for

1 a plan year, regardless of individual employee
2 dates of enrollment.”

3 (b) QUALIFIED AUTOMATIC CONTRIBUTION AR-
4 RANGEMENTS.—

5 (1) IN GENERAL.—Section 401(k)(13)(C) of the
6 Internal Revenue Code of 1986 is amended by add-
7 ing at the end the following new clause:

8 “(v) PERIODIC AUTOMATIC DEFERRAL
9 REQUIRED FOR POST-2024 ARRANGE-
10 MENTS.—In the case of a qualified auto-
11 matic contribution arrangement which
12 takes effect after December 31, 2024, the
13 requirements of this subparagraph shall be
14 treated as met only if, under the arrange-
15 ment, at least every 3 plan years each em-
16 ployee—

17 “(I) who is eligible to participate
18 in the arrangement, and

19 “(II) who, at the time of the de-
20 termination, has in effect an affirma-
21 tive election pursuant to clause (ii)
22 not to have contributions described in
23 clause (i) made,

24 is treated as having made the election de-
25 scribed in clause (i) unless the employee

1 makes a new affirmative election under
2 clause (ii). Such determination may be
3 made at one time for all employees de-
4 scribed in the preceding sentence for a
5 plan year, regardless of individual em-
6 ployee dates of enrollment.”

7 (2) CONFORMING AMENDMENTS.—Clause (iv)
8 of section 401(k)(13)(C) of such Code is amended—

9 (A) in the heading, by inserting “for pre-
10 2025 arrangements” after “required”; and

11 (B) by striking “Clause (i)” and inserting
12 “In the case of a qualified automatic contribu-
13 tion arrangement in effect before January 1,
14 2025, clause (i)”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to arrangements taking effect after
17 December 31, 2024.

18 **SEC. 6. EMPLOYEE OWNERSHIP AND PARTICIPATION INI-**
19 **TIATIVE.**

20 (a) DEFINITIONS.—In this section:

21 (1) EXISTING PROGRAM.—The term “existing
22 program” means a program, designed to promote
23 employee ownership and employee participation in
24 business decisionmaking, that exists on the date on

1 which the Secretary is carrying out a responsibility
2 authorized under this section.

3 (2) INITIATIVE.—The term “Initiative” means
4 the Employee Ownership and Participation Initiative
5 established under subsection (b).

6 (3) NEW PROGRAM.—The term “new program”
7 means a program, designed to promote employee
8 ownership and employee participation in business de-
9 cisionmaking, that does not exist on the date on
10 which the Secretary is carrying out a responsibility
11 authorized under this section.

12 (4) SECRETARY.—The term “Secretary” means
13 the Secretary of Labor.

14 (5) STATE.—The term “State” has the mean-
15 ing given the term under section 3 of the Workforce
16 Innovation and Opportunity Act (29 U.S.C. 3102).

17 (b) EMPLOYEE OWNERSHIP AND PARTICIPATION INI-
18 TIATIVE.—

19 (1) ESTABLISHMENT.—The Secretary of Labor
20 shall establish within the Department of Labor an
21 Employee Ownership and Participation Initiative to
22 promote employee ownership and employee participa-
23 tion in business decisionmaking.

24 (2) FUNCTIONS.—In carrying out the Initiative,
25 the Secretary shall—

1 (A) support within the States existing pro-
2 grams designed to promote employee ownership
3 and employee participation in business decision-
4 making; and

5 (B) facilitate within the States the forma-
6 tion of new programs designed to promote em-
7 ployee ownership and employee participation in
8 business decisionmaking.

9 (3) DUTIES.—To carry out the functions enu-
10 merated in paragraph (2), the Secretary shall—

11 (A) support new programs and existing
12 programs by—

13 (i) making Federal grants authorized
14 under subsection (d); and

15 (ii) acting as a clearinghouse on tech-
16 niques employed by new programs and ex-
17 isting programs within the States, and dis-
18 seminating information relating to those
19 techniques to the programs; and

20 (B) facilitate the formation of new pro-
21 grams, in ways that include holding or funding
22 an annual conference of representatives from
23 States with existing programs, representatives
24 from States developing new programs, and rep-

1 representatives from States without existing pro-
2 grams.

3 (c) PROGRAMS REGARDING EMPLOYEE OWNERSHIP
4 AND PARTICIPATION.—

5 (1) ESTABLISHMENT OF PROGRAM.—Not later
6 than 180 days after the date of enactment of this
7 Act, the Secretary shall establish a program to en-
8 courage new programs and existing programs within
9 the States to foster employee ownership and em-
10 ployee participation in business decisionmaking
11 throughout the United States.

12 (2) PURPOSE OF PROGRAM.—The purpose of
13 the program established under paragraph (1) is to
14 encourage new and existing programs within the
15 States that focus on—

16 (A) providing education and outreach to
17 inform employees and employers about the pos-
18 sibilities and benefits of employee ownership,
19 business ownership succession planning, and
20 employee participation in business decision-
21 making, including providing information about
22 financial education, employee teams, open-book
23 management, and other tools that enable em-
24 ployees to share ideas and information about
25 how their businesses can succeed;

1 (B) providing technical assistance to assist
2 employee efforts to become business owners, to
3 enable employers and employees to explore and
4 assess the feasibility of transferring full or par-
5 tial ownership to employees, and to encourage
6 employees and employers to start new em-
7 ployee-owned businesses; and

8 (C) training employees and employers with
9 respect to methods of employee participation in
10 open-book management, work teams, commit-
11 tees, and other approaches for seeking greater
12 employee input.

13 (3) PROGRAM DETAILS.—The Secretary may in-
14 clude, in the program established under paragraph
15 (1), provisions that—

16 (A) in the case of activities described in
17 paragraph (2)(A)—

18 (i) target key groups, such as retiring
19 business owners, senior managers, unions,
20 trade associations, community organiza-
21 tions, and economic development organiza-
22 tions;

23 (ii) encourage cooperation in the orga-
24 nization of workshops and conferences; and

1 (iii) prepare and distribute materials
2 concerning employee ownership and par-
3 ticipation, and business ownership succe-
4 sion planning;

5 (B) in the case of activities described in
6 paragraph (2)(B)—

7 (i) provide preliminary technical as-
8 sistance to employee groups, managers,
9 and retiring owners exploring the possi-
10 bility of employee ownership;

11 (ii) provide for the performance of
12 preliminary feasibility assessments;

13 (iii) assist in the funding of objective
14 third-party feasibility studies and prelimi-
15 nary business valuations, and in selecting
16 and monitoring professionals qualified to
17 conduct such studies; and

18 (iv) provide a data bank to help em-
19 ployees find legal, financial, and technical
20 advice in connection with business owner-
21 ship;

22 (C) in the case of activities described in
23 paragraph (2)(C)—

24 (i) provide for courses on employee
25 participation; and

1 (ii) provide for the development and
2 fostering of networks of employee-owned
3 companies to spread the use of successful
4 participation techniques; and

5 (D) in the case of training described in
6 paragraph (2)(D)—

7 (i) provide for visits to existing pro-
8 grams by staff from new programs receiv-
9 ing funding under this section; and

10 (ii) provide materials to be used for
11 such training.

12 (4) GUIDANCE.—The Secretary shall issue for-
13 mal guidance, for recipients of grants awarded under
14 subsection (d) and one-stop partners (as defined in
15 section 3 of the Workforce Innovation and Oppor-
16 tunity Act (29 U.S.C. 3102)) affiliated with the
17 workforce development systems (as so defined) of
18 the States, proposing that programs and other ac-
19 tivities funded under this section be—

20 (A) proactive in encouraging actions and
21 activities that promote employee ownership of,
22 and participation in, businesses; and

23 (B) comprehensive in emphasizing both
24 employee ownership of, and participation in,

1 businesses so as to increase productivity and
2 broaden capital ownership.

3 (d) GRANTS.—

4 (1) IN GENERAL.—In carrying out the program
5 established under subsection (c), the Secretary may
6 make grants to States (except as provided in para-
7 graph (5)) for use in connection with new programs
8 and existing programs within a State for—

9 (A) education and outreach as provided in
10 subsection (c)(2)(A);

11 (B) technical assistance as provided in
12 subsection (c)(2)(B);

13 (C) training activities for employees and
14 employers as provided in subsection (c)(2)(C);

15 (D) activities facilitating cooperation
16 among employee-owned firms; and

17 (E) training as provided in subsection
18 (c)(2)(D) for new programs provided by partici-
19 pants in existing programs dedicated to the ob-
20 jectives of this section, except that, for each fis-
21 cal year, the amount of the grants made for
22 such training shall not exceed 10 percent of the
23 total amount of the grants made under this sec-
24 tion.

1 (2) AMOUNTS AND CONDITIONS.—The Sec-
2 retary shall determine the amount and any condi-
3 tions for a grant made under this subsection. The
4 amount of the grant shall be subject to paragraph
5 (6), and shall reflect the capacity of the applicant
6 for the grant.

7 (3) APPLICATIONS.—Each entity desiring a
8 grant under this subsection shall submit an applica-
9 tion to the Secretary at such time, in such manner,
10 and accompanied by such information as the Sec-
11 retary may reasonably require.

12 (4) STATE APPLICATIONS.—Each State may
13 sponsor and submit an application under paragraph
14 (3) on behalf of any local entity consisting of a unit
15 of State or local government, State-supported insti-
16 tution of higher education, or nonprofit organization,
17 meeting the requirements of this section.

18 (5) APPLICATIONS BY ENTITIES.—

19 (A) ENTITY APPLICATIONS.—If a State
20 fails to support or establish a program pursu-
21 ant to this section during any fiscal year, the
22 Secretary shall, in the subsequent fiscal years,
23 allow local entities described in paragraph (4)
24 from that State to make applications for grants
25 under paragraph (3) on their own initiative.

1 (B) APPLICATION SCREENING.—In any
2 case in which a local entity makes an applica-
3 tion for a grant pursuant to subparagraph (A),
4 the relevant State may take no actions to
5 screen such application.

6 (6) LIMITATIONS.—A recipient of a grant made
7 under this subsection shall not receive, during a fis-
8 cal year, in the aggregate, more than the following
9 amounts:

10 (A) For fiscal year 2023, \$300,000.

11 (B) For fiscal year 2024, \$330,000.

12 (C) For fiscal year 2025, \$363,000.

13 (D) For fiscal year 2026, \$399,300.

14 (E) For fiscal year 2027, \$439,200.

15 (7) ANNUAL REPORT.—For each year, each re-
16 cipient of a grant under this subsection shall submit
17 to the Secretary a report describing how grant funds
18 allocated pursuant to this subsection were expended
19 during the 12-month period preceding the date of
20 the submission of the report.

21 (e) EVALUATIONS.—The Secretary is authorized to
22 reserve not more than 10 percent of the funds appro-
23 priated for a fiscal year to carry out this section for the
24 purposes of conducting evaluations of the grant programs

1 identified in subsection (d) and to provide related technical
2 assistance.

3 (f) REPORTING.—Not later than 36 months after the
4 date of enactment of this Act, the Secretary shall prepare
5 and submit to Congress a report—

6 (1) on progress related to employee ownership
7 and participation in businesses in the United States;
8 and

9 (2) containing an analysis of critical costs and
10 benefits of activities carried out under this section.

11 (g) AUTHORIZATIONS OF APPROPRIATIONS.—

12 (1) IN GENERAL.—There are authorized to be
13 appropriated for the purpose of making grants pur-
14 suant to subsection (d) the following:

15 (A) For fiscal year 2023, \$4,000,000.

16 (B) For fiscal year 2024, \$7,000,000.

17 (C) For fiscal year 2025, \$10,000,000.

18 (D) For fiscal year 2026, \$13,000,000.

19 (E) For fiscal year 2027, \$16,000,000.

20 (2) ADMINISTRATIVE EXPENSES.—There are
21 authorized to be appropriated for the purpose of
22 funding the administrative expenses related to the
23 Initiative, for each of fiscal years 2022 through
24 2026, an amount not in excess of the lesser of—

25 (A) \$350,000; or

1 (B) 5.0 percent of the maximum amount
2 available under paragraph (1) for that fiscal
3 year.

4 **SEC. 7. REFUND TO RAINY DAY SAVINGS PROGRAM.**

5 (a) ESTABLISHMENT.—

6 (1) IN GENERAL.—Not later than December 31,
7 2024, the Secretary of the Treasury or the Sec-
8 retary’s delegate (referred to in this subsection as
9 the “Secretary”) shall establish and implement a
10 program (referred to in this subsection as the “Re-
11 fund to Rainy Day Savings Program”) to allow par-
12 ticipating taxpayers, pursuant to the requirements
13 established under this section, to defer payment on
14 20 percent of the amount which would otherwise be
15 refunded to such taxpayer as an overpayment (as
16 described in section 6401 of the Internal Revenue
17 Code of 1986).

18 (2) PERIOD OF DEFERRAL.—Except as pro-
19 vided under paragraph (3)(E), a participating tax-
20 payer may elect to defer payment of the amount de-
21 scribed in paragraph (1) and have such amount de-
22 posited in the Rainy Day Fund (as described in
23 paragraph (3)).

24 (3) RAINY DAY FUND.—

1 (A) IN GENERAL.—The Secretary shall es-
2 tablish in the Treasury a fund, in such manner
3 as the Secretary determines to be appropriate,
4 to be known as the “Rainy Day Fund”, con-
5 sisting of any amounts described in paragraph
6 (1) on which payment has been deferred by par-
7 ticipating taxpayers.

8 (B) INVESTMENT.—Any amounts depos-
9 ited in the Rainy Day Fund shall be invested by
10 the Secretary, in United States Treasury secu-
11 rities issued under chapter 31 of title 31,
12 United States Code, that are suitable for the
13 needs of the Rainy Day Fund.

14 (C) DISBURSEMENTS FROM FUND.—

15 (i) IN GENERAL.—On the date that is
16 180 days after the date of deposit in the
17 Rainy Day Fund of an amount deferred by
18 such taxpayer under paragraph (1), the
19 amounts in the Rainy Day Fund shall be
20 made available to the Secretary to dis-
21 tribute to such taxpayer in an amount
22 equal to such amount plus any interest ac-
23 crued on such amount (as determined
24 under subparagraph (D)).

1 (ii) DISTRIBUTED TO TAXPAYERS.—

2 The amounts described in clause (i) shall
3 be distributed to the account identified by
4 the participating taxpayer under paragraph
5 (4)(B).

6 (D) INTEREST ACCRUED.—The amount of
7 interest accrued on the amount deferred by a
8 participating taxpayer under subsection (a)
9 shall be determined by the Secretary based
10 upon the return on the investment of such
11 amounts under subparagraph (B).

12 (E) EARLY WITHDRAWAL.—

13 (i) IN GENERAL.—As soon as possible
14 after receipt by the Secretary of the indi-
15 vidual income tax return of the partici-
16 pating taxpayer and October 15 of the ap-
17 plicable year, such taxpayer may elect to
18 terminate the deferral of the amount de-
19 scribed under paragraph (1) and receive a
20 distribution from the Rainy Day Fund
21 equal to such amount and any interest
22 which has accrued on such amount up to
23 that date.

24 (ii) COMPLETE WITHDRAWAL.—A par-
25 ticipating taxpayer making an election

1 under clause (i) must terminate deferral of
2 the full amount described under paragraph
3 (1), and such amount shall be distributed
4 to the bank account identified by the par-
5 ticipating taxpayer under paragraph
6 (4)(B).

7 (4) PARTICIPATING TAXPAYER.—For purposes
8 of this section, the term “participating taxpayer”
9 means a taxpayer who—

10 (A) prior to the due date for filing the re-
11 turn of tax for such taxable year, elects to par-
12 ticipate in the Refund to Rainy Day Savings
13 Program, in accordance with regulations to be
14 issued by the Secretary; and

15 (B) provides the Secretary with an account
16 and routing number or any other financial in-
17 formation deemed necessary by the Secretary
18 for purposes of subparagraphs (C)(ii) and
19 (E)(ii) of paragraph (3).

20 (5) FORMS.—The Secretary shall ensure that
21 the election to defer payment of the amount de-
22 scribed in paragraph (1) may be claimed on appro-
23 priate tax forms.

24 (6) IMPLEMENTATION.—

1 (A) EDUCATIONAL MATERIALS AND OUT-
2 REACH.—The Secretary shall—

3 (i) design educational materials for
4 taxpayers regarding financial savings and
5 the Refund to Rainy Day Savings Pro-
6 gram,

7 (ii) publicly disseminate and distribute
8 such materials during the first calendar
9 quarter of each calendar year and fol-
10 lowing disbursement of amounts described
11 in paragraph (3)(C), and

12 (iii) engage in outreach regarding the
13 Refund to Rainy Day Savings Program to
14 the Volunteer Income Tax Assistance pro-
15 gram and paid tax preparers.

16 (B) INFORMATION FOR PARTICIPATING
17 TAXPAYERS.—The Secretary shall ensure that a
18 participating taxpayer is able to electronically
19 verify the status of the amount deferred by
20 such taxpayer under paragraph (1), including
21 any interest accrued on such amount and the
22 status of any distribution.

23 (C) FEDERALLY FUNDED BENEFITS.—Any
24 amounts described in paragraph (1) that are
25 distributed to a participating taxpayer, includ-

1 ing any interest accrued on such amount, shall
2 be treated in the same manner as any refund
3 made to such taxpayer under section 32 of the
4 Internal Revenue Code of 1986 for purposes of
5 determining the eligibility of such taxpayer for
6 benefits or assistance, or the amount or extent
7 of benefits or assistance, under any Federal
8 program or under any State or local program
9 financed in whole or in part with Federal funds.

10 (b) ASSETS FOR INDEPENDENCE INNOVATION DEM-
11 ONSTRATION PROJECTS.—

12 (1) REAUTHORIZATION.—The Assets for Inde-
13 pendence Act (42 U.S.C. 604 note) is amended—

14 (A) in section 416, by inserting “, and,
15 subject to section 417, \$25,000,000 for each of
16 fiscal years 2024, 2025, 2026, 2027, and 2028,
17 to remain available until expended.”; and

18 (B) by adding at the end the following new
19 section:

20 **“SEC. 417. RESERVATION OF FUNDS.**

21 “(a) IN GENERAL.—Subject to subsections (b) and
22 (c), from the funds appropriated for each of fiscal years
23 2024, 2025, 2026, 2027, and 2028 under section 416, the
24 Secretary shall reserve—

1 “(1) \$3,000,000 for general research and eval-
2 uation; and

3 “(2) any amounts remaining after application
4 of paragraph (1) to fund Assets for Independence
5 innovation projects under section 418.

6 “(b) PILOT PROGRAM FUNDING.—From the amounts
7 reserved under subsection (a) for each of fiscal years
8 2024, 2025, and 2026, the Secretary shall make available
9 for operating the pilot program established under section
10 7(c) of the Protecting America’s Retirement Security Act
11 of 2022—

12 “(1) 50 percent of the amount reserved for the
13 relevant fiscal year under paragraph (1) of sub-
14 section (a) (after any adjustment under subsection
15 (c)); and

16 “(2) 25 percent of the amount reserved for the
17 relevant fiscal year under paragraph (2) of sub-
18 section (a) (after any adjustment under subsection
19 (c)).

20 “(c) PROPORTIONAL ADJUSTMENT.—In any of fiscal
21 years 2024, 2025, 2026, 2027, and 2028, if the amount
22 appropriated for such fiscal year is greater or less than
23 the amount authorized for such fiscal year under section
24 416, the amounts reserved under subsection (a) shall be
25 increased or decreased for such fiscal year so that each

1 such amount bears the same proportion to the amount ap-
2 propriated as each of the amounts reserved under such
3 subsection bears to the amount authorized.”.

4 (2) ESTABLISHMENT OF INNOVATION PRO-
5 GRAM.—The Assets for Independence Act (42
6 U.S.C. 604 note), as amended by paragraph (1), is
7 further amended by adding at the end the following
8 new section:

9 **“SEC. 418. ASSETS FOR INDEPENDENCE INNOVATION**
10 **PROJECTS.**

11 “(a) IN GENERAL.—The Secretary is authorized to
12 make grants to qualified entities to conduct Assets for
13 Independence innovation projects under this section.

14 “(b) DEFINITIONS.—For purposes of this section:

15 “(1) ASSETS FOR INDEPENDENCE INNOVATION
16 PROJECT.—The term ‘Assets for Independence inno-
17 vation project’ means a demonstration project car-
18 ried out by a qualified entity under this section.

19 “(2) INNOVATION DEVELOPMENT ACCOUNT.—
20 The term ‘innovation development account’ means
21 an account that is established in a federally insured
22 financial institution or a State insured financial in-
23 stitution and meets such other requirements as are
24 established by the Secretary.

25 “(c) APPLICATION.—

1 “(1) CRITERIA AND PREFERENCES.—

2 “(A) IN GENERAL.—Subject to subpara-
3 graph (B), in considering an application to con-
4 duct an Assets for Independence innovation
5 project, the Secretary shall apply subsections
6 (c) and (d) of section 405 to the application in
7 the same manner that such subsections apply to
8 an application to conduct a demonstration
9 project under section 405.

10 “(B) MODIFICATION.—For purposes of
11 this paragraph, paragraph (1) of section 405(c)
12 shall be applied without regard to the phrase
13 ‘through activities requiring one or more quali-
14 fied expenses’.

15 “(2) APPROVAL OF ASSETS FOR INDEPEND-
16 ENCE INNOVATION PROJECTS.—Not later than 12
17 months after the date of the enactment of this sec-
18 tion, the Secretary shall, on a competitive basis, ap-
19 prove such applications to conduct Assets for Inde-
20 pendence innovation projects as the Secretary con-
21 siders to be appropriate, taking into account the
22 considerations required by paragraph (1). The Sec-
23 retary shall ensure, to the maximum extent prac-
24 ticable, that the applications that are approved in-
25 volve a range of communities (spread out both geo-

1 graphically and in rural and urban areas) and di-
2 verse populations.

3 “(d) PROJECT DURATION AND GRANT AMOUNT.—

4 “(1) DURATION.—The Secretary shall award
5 grants under this section for a period not to exceed
6 5 project years.

7 “(2) GRANT AMOUNT.—For each project year
8 of an Assets for Independence innovation project ap-
9 proved under this section, the Secretary may make
10 a grant to the qualified entity authorized to conduct
11 the project. In making such a grant, the Secretary
12 shall make the grant on the first day of the project
13 year in an amount not to exceed the lesser of—

14 “(A) the aggregate amount of funds com-
15 mitted as matching contributions from non-
16 Federal public or private sector sources; or

17 “(B) \$1,000,000.

18 “(e) ELIGIBILITY AND SELECTION OF INDIVIDUALS
19 TO PARTICIPATE IN AN ASSETS FOR INDEPENDENCE IN-
20 NOVATION PROJECT.—

21 “(1) ELIGIBILITY CRITERIA.—Subject to the
22 approval of the Secretary, each qualified entity con-
23 ducting an Assets for Independence innovation
24 project shall establish eligibility requirements for

1 participants in the project. Such requirements
2 shall—

3 “(A) be more expansive than the require-
4 ments established under section 408; and

5 “(B) ensure that eligibility is limited to
6 low-income individuals.

7 “(2) SELECTION OF INDIVIDUALS TO PARTICI-
8 PATE.—Each qualified entity conducting an Assets
9 for Independence innovation project shall select,
10 from among the individuals that meet the eligibility
11 requirements established by the entity under para-
12 graph (1), the individuals—

13 “(A) that the qualified entity determines to
14 be most appropriate to participate; and

15 “(B) to whom the qualified entity will
16 make disbursements or deposits in accordance
17 with subsection (f).

18 “(f) DISBURSEMENTS BY QUALIFIED ENTITIES.—

19 “(1) IN GENERAL.—Each qualified entity con-
20 ducting an Assets for Independence innovation
21 project shall, in a manner consistent with the pro-
22 gram requirements established by such entity, dis-
23 burse to a third-party or deposit into the innovation
24 development account of each individual participating
25 in the project from the funds described in subsection

1 (d)(2), a matching contribution of not less than
2 \$0.50 and not more than \$8 for every \$1 deposited
3 in the account by a project participant, except that
4 the rate of matching shall be equal for all individuals
5 participating in the project conducted by such quali-
6 fied entity.

7 “(2) LIMITATION ON DISBURSEMENTS FOR AN
8 INDIVIDUAL.—Not more than \$5,000 from a grant
9 made under subsection (d)(1) shall be provided to
10 any one individual over the course of the Assets for
11 Independence innovation project.

12 “(3) LIMITATION ON DISBURSEMENTS FOR A
13 HOUSEHOLD.—Not more than \$10,000 from a grant
14 made under subsection (d)(1) shall be provided to
15 any one household over the course of the Assets for
16 Independence innovation project.

17 “(4) ADJUSTMENT FOR INFLATION.—

18 “(A) IN GENERAL.—For each calendar
19 year after 2023, the dollar amounts in para-
20 graphs (2) and (3) shall be increased by an
21 amount equal to the product of—

22 “(i) such dollar amount, and

23 “(ii) the cost-of-living adjustment de-
24 termined under section 1(f)(3) of the In-
25 ternal Revenue Code of 1986 for the cal-

1 endar year, determined by substituting
2 ‘2022’ for ‘2016’ in subparagraph (A)(ii)
3 thereof.

4 “(B) ROUNDING.—If any increase deter-
5 mined under subparagraph (A) is not a multiple
6 of \$50, such increase shall be rounded up to the
7 next lowest multiple of \$50.”.

8 (3) CONFORMING AMENDMENTS.—The Assets
9 for Independence Act (42 U.S.C. 604 note), as
10 amended by paragraphs (1) and (2), is further
11 amended—

12 (A) in section 404(2), by inserting “or sec-
13 tion 418” before the period;

14 (B) in section 406—

15 (i) in subsection (a), by striking “to
16 conduct a demonstration project under this
17 title” and inserting “under section 405”;
18 and

19 (ii) in subsection (b), by striking
20 “conducted under this title” and inserting
21 “approved under section 405”;

22 (C) in section 407—

23 (i) in subsection (c)—

24 (I) in paragraph (1)—

1 (aa) in subparagraph (A),
2 by inserting “or, in the case of a
3 participant in a project con-
4 ducted under section 418, other
5 permitted expenses” after “quali-
6 fied expenses”; and

7 (bb) in subparagraph (B),
8 by inserting “or subsection (f) of
9 section 418” after “section 410”;
10 and

11 (II) in paragraph (3), by insert-
12 ing “or section 418(d)(1)”; and

13 (ii) in subsection (d)(2)(A), by insert-
14 ing “or section 418(d)(1)” after “section
15 406(b)”;

16 (D) in section 408, by striking “conducted
17 under this title” each place it appears and in-
18 serting “approved under section 405”;

19 (E) in section 409, by striking “conducted
20 under this title” and inserting “approved under
21 section 405”;

22 (F) in section 410, by striking “under this
23 title” and inserting “conducting a demonstra-
24 tion project approved under section 405”;

1 (G) in section 413(a), by inserting “or sec-
2 tion 418(c)” after “under section 405”; and

3 (H) in section 415, by inserting “or inno-
4 vation development account” after “individual
5 development account”.

6 (c) MATCHED REFUND TO RAINY DAY SAVINGS
7 PILOT PROGRAM.—

8 (1) IN GENERAL.—Not later than 6 months
9 after the date of the enactment of this Act and
10 using the funds made available pursuant to section
11 417(b) of the Assets for Independence Act, the Sec-
12 retary of Health and Human Services, acting
13 through the Director of Community Services (in this
14 section referred to as “the Secretary”), shall estab-
15 lish under this subsection a matched savings account
16 pilot program to encourage saving by eligible individ-
17 uals. Under the pilot program, a qualified entity
18 may apply to the Secretary for a grant to conduct
19 a pilot project described in paragraph (2) (in this
20 section referred to as a “pilot project”). The pilot
21 program shall operate for a period of 3 years.

22 (2) PILOT PROJECT DESCRIBED.—

23 (A) IN GENERAL.—A pilot project is a
24 project in which a qualified entity establishes a
25 matched savings program that meets the re-

1 requirements of subparagraph (B) for eligible in-
2 dividuals who are selected by the entity to par-
3 ticipate in the program.

4 (B) REQUIREMENTS.—

5 (i) DEPOSITS INTO DIRECT DEPOSIT
6 ACCOUNTS.—

7 (I) IN GENERAL.—A matched
8 savings program established as part of
9 a pilot project shall match amounts
10 saved by each eligible individual par-
11 ticipating in the pilot project—

12 (aa) with the amount
13 matched to be equal to or less
14 than the amount of any payment
15 deferred by such individual under
16 the Refund to Rainy Day Savings
17 Program established in sub-
18 section (a)(1); and

19 (bb) with the rate of match-
20 ing to be equal for all eligible in-
21 dividuals participating in the pro-
22 gram.

23 (II) TIMING.—Any amount de-
24 scribed in subclause (I) shall not be
25 distributed to an eligible individual

1 until the amounts described in sub-
2 paragraphs (C)(ii) or (E)(ii) of sub-
3 section (a)(1) have been distributed to
4 the bank account identified by such
5 individual.

6 (ii) EVALUATION OF PROGRAM BY
7 INDEPENDENT RESEARCH ORGANIZA-
8 TION.—

9 (I) IN GENERAL.—From amounts
10 made available under section
11 417(b)(2) of the Assets for Independ-
12 ence Act, as added by subsection
13 (b)(1)(B), the Secretary shall enter
14 into a contract with an independent
15 research organization for purposes of
16 evaluating pilot projects conducted
17 under this section.

18 (II) COORDINATION.—Each
19 qualified entity that establishes a
20 matched savings program as part of a
21 pilot project shall collaborate with the
22 independent research organization de-
23 scribed in subclause (I) to evaluate
24 the outcomes and impact of the
25 project.

1 (III) IMPACT.—The evaluation
2 described in subclause (I) shall in-
3 clude an examination of the demo-
4 graphic characteristics of the individ-
5 uals participating in the pilot project,
6 such as gender, race, age, geographic
7 location, and family makeup, and how
8 the impacts of the project vary among
9 different demographic groups and the
10 effects of the pilot program on retire-
11 ment savings for eligible individuals.

12 (IV) PROGRAM FEATURES.—The
13 program features to be evaluated
14 through the pilot projects conducted
15 under this section may include—

16 (aa) different levels of
17 matching contributions by quali-
18 fied entities;

19 (bb) lock-out periods during
20 which an eligible individual may
21 not make withdrawals from their
22 account; and

23 (cc) educational materials
24 intended to promote savings.

1 (V) SAFEGUARDING PRIVACY.—

2 Any contract entered into under this
3 clause shall require the selected inde-
4 pendent research organization to take
5 all necessary and proper precautions
6 to protect eligible individuals' privacy
7 and personally identifiable information
8 when conducting the evaluation.

9 (C) DURATION.—A pilot project shall be
10 for a duration of not more than 3 years.

11 (D) FEDERALLY FUNDED BENEFITS.—Any
12 amounts described in subparagraph (B)(i)
13 which are distributed to an eligible individual
14 shall be treated in the same manner as any re-
15 fund made to such taxpayer under section 32 of
16 the Internal Revenue Code of 1986 for purposes
17 of determining the eligibility of such taxpayer
18 for benefits or assistance, or the amount or ex-
19 tent of benefits or assistance, under any Fed-
20 eral program or under any State or local pro-
21 gram financed in whole or in part with Federal
22 funds.

23 (3) STRATEGIC COMMUNICATIONS PLAN.—The
24 Secretary shall devise a strategic communications
25 plan to ensure a successful pilot program.

1 (4) ANNUAL REPORT TO CONGRESS.—The Sec-
2 retary shall submit an annual report to Congress on
3 the progress and outcomes of the pilot program es-
4 tablished under this section.

5 (5) DEFINITIONS.—In this subsection:

6 (A) ELIGIBLE INDIVIDUAL.—The term “el-
7 igible individual” means an individual who—

8 (i) has deferred payment of the
9 amount described in subsection (a)(1)
10 under the Refund to Rainy Day Savings
11 Program established in such subsection,
12 and

13 (ii) meets the eligibility requirements
14 under section 408 of the Assets for Inde-
15 pendence Act, except that subsection (a)(2)
16 of such section shall not apply.

17 (B) QUALIFIED ENTITY.—

18 (i) IN GENERAL.—The term “qualified
19 entity” means—

20 (I) one or more not-for-profit or-
21 ganizations described in section
22 501(c)(3) of the Internal Revenue
23 Code of 1986 and exempt from tax-
24 ation under section 501(a) of such
25 Code;

1 (II) a State or local government
2 agency, or a tribal government, sub-
3 mitting an application to conduct a
4 pilot project jointly with an organiza-
5 tion described in subclause (I);

6 (III) a site that offers free tax
7 help to individuals who qualify
8 through the Internal Revenue Serv-
9 ice's Voluntary Income Tax Assist-
10 ance or Tax Counseling for the Elder-
11 ly programs; or

12 (IV) an entity that—

13 (aa) is—

14 (AA) a credit union
15 designated as a low-income
16 credit union by the National
17 Credit Union Administra-
18 tion; or

19 (BB) an organization
20 designated as a community
21 development financial insti-
22 tution by the Secretary of
23 the Treasury (or the Com-
24 munity Development Finan-
25 cial Institutions Fund); and

1 (bb) can demonstrate a col-
2 laborative relationship with a
3 local community-based organiza-
4 tion whose activities are designed
5 to address poverty in the commu-
6 nity and the needs of community
7 members for economic independ-
8 ence and stability.

9 (V) RULE OF CONSTRUCTION.—
10 Nothing in this paragraph shall be
11 construed as preventing an organiza-
12 tion described in clause (i)(I) from
13 collaborating with a financial institu-
14 tion or for-profit community develop-
15 ment corporation to carry out the pur-
16 poses of this section.

